

## FSR Bill clauses related to credit

As per discussion on 21 November 2016

Clause 58(2):

Drafting in version published on 21 October (with all track changes accepted)	Agreed changes to be made
(2) In relation to a financial institution that is a credit provider regulated in terms of the National Credit Act, the Financial Sector Conduct Authority may, in addition to regulating and supervising the financial institution in respect of the financial services that the financial institution provides, and notwithstanding section 2(1)(g), regulate and supervise the financial institution's conduct in relation to the provision of credit under a credit agreement in respect of those matters referred to in section 108	(2) In relation to a financial institution that is a credit provider regulated in terms of the National Credit Act, the Financial Sector Conduct Authority may, in addition to regulating and supervising the financial institution in respect of the financial services that the financial institution provides, and notwithstanding section 2(1)(g), regulate and supervise the financial institution's conduct in relation to the provision of credit under a credit agreement <u>only</u> in respect of those matters referred to in section 108

Explanation:

The FSCA will only be able to regulate:

- Financial services provided in relation to a credit agreement
- Credit providers in relation to matters specified in section 108

The proposed change clarifies this.

Clause 106(5):

Drafting in version published on 21 October (with all track changes accepted)	Agreed changes to be made
(5) A conduct standard made in relation to a credit agreement that is regulated in terms of the National Credit Act, or in relation to services provided in respect of such a credit agreement, may only be made after consultation with the National Credit Regulator.	Replace current drafting with:  (5)(a) In relation to a credit provider regulated in terms of the National Credit Act, a conduct standard may only be made in relation to a financial service provided in relation to a credit agreement and matters provided for in section 108.  (b) A conduct standard referred to in paragraph (a) may only be made after consultation with the National Credit Regulator.

Explanation:

The FSCA will **only** be able to regulate:

- Financial services provided in relation to a credit agreement
- Credit providers in relation to matters specified in section 108

The proposed revised drafting clarifies this, and better links the standard setting provisions to the FSCA's scope of jurisdiction in relation to credit providers, as set out in clause 58(2).